

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

X-9584

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD



May 13, 1936.

SUBJECT: Necessity of Receiving Request From
Secretary of Treasury for Performance
of Certain Fiscal Agency Functions.

Dear Sir:

There is inclosed herewith for your information a copy of a letter by the Board to the First Vice President of the Federal Reserve Bank of St. Louis regarding the necessity of a Federal reserve bank's receiving a request from the Secretary of the Treasury for the performance of certain functions in connection with the redemption of joint stock land bank bonds.

Very truly yours,

A handwritten signature in cursive script, appearing to read "L. P. Bethea".

L. P. Bethea,
Assistant Secretary.

Inclosure.

TO PRESIDENTS OF ALL FEDERAL RESERVE BANKS.

X-9584-a

May 13, 1936.

Mr. O. M. Attebery, First Vice President,
Federal Reserve Bank of St. Louis,
St. Louis, Missouri.

Dear Mr. Attebery:

This refers to your letter of April 29, 1936, which sets forth the acts performed by the _____ Branch of the Federal Reserve Bank of St. Louis in connection with the redemption of bonds of the _____ Joint Stock Land Bank and the _____ Joint Stock Land Bank of _____ by the _____ National Bank, _____

It appears from your letter that the _____ Branch of your bank receives funds which are held subject to the order of the Governor of the Farm Credit Administration to pay for the total amount of the called issues of bonds of the joint stock land banks; that the Branch makes entry on its general ledger crediting "Fiscal Agency Account of the Governor of the Farm Credit Administration" and notifies the treasurers of the joint stock land banks and the Governor of the Farm Credit Administration of the receipt of such funds; that the Branch receives bonds from the _____ National Bank giving its receipt therefor and thereafter cancels such bonds; that the Branch credits _____ National Bank with the face amount of the bonds deposited and debits the account "Fiscal Agency Account of the Governor of the Farm Credit Administration"; that the Branch notifies the

Registrar at the _____ Federal Land Bank of the receipt of the bonds and notifies the Farm Credit Administration and the treasurers of the two joint stock land banks, giving them lists of the securities redeemed; and that the Branch delivers the canceled securities to the Registrar at the _____ Federal Land Bank and takes his receipt.

As stated in the Board's letter of April 17, 1936, to President Martin, in view of the provisions of the first paragraph of section 15 of the Federal Reserve Act, the Board has been customarily guided by the views of the Secretary of the Treasury as to what constitutes a fiscal agency function and has taken the position that, in the absence of a specific authorization such as that appearing in the third paragraph of section 15 of the Federal Reserve Act relating to Federal Intermediate Credit Banks, Federal Reserve banks should perform fiscal agency functions only after receiving a request to do so from the Secretary of the Treasury.

Although it appears that the Farm Credit Administration has requested the _____ Branch of your bank to perform the acts described in your letter in connection with the redemption of joint stock land bank bonds, the Board is of the opinion that these acts constitute functions which should be performed only after receiving a request from the Secretary of the Treasury. Accordingly, if the Farm Credit Administration desires your bank to continue to perform these functions and your bank wishes to continue to do so, it is suggested

that you advise the Farm Credit Administration of the opinion of the Board expressed above, with the suggestion that it take the matter up with the Secretary of the Treasury with a view to having the Secretary request your bank to perform the functions in question.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,
Secretary.